



**State of Louisiana**  
DIVISION OF ADMINISTRATION

**OFFICE OF STATE UNIFORM PAYROLL**

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December 2, 1999

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2000-33

TO: All UPS Agencies, Directors, Fiscal Officers, and Personnel Officers

FROM: Ronald S. Mitchell  
Director

SUBJECT: Reporting and Correcting 1999 Wage and Tax Statement - W-2

The 1999 W-2 information, as reflected on the final 1999 W-2 Employee Detail Report (BL1572-01) generated by the Uniform Payroll System, will be transmitted on magnetic tape to the IRS, through the Social Security Administration, and to the Louisiana Department of Revenue by the Office of State Uniform Payroll. Only basic instructions and "reminders" for correcting and reporting W-2 information are given below. **Therefore, obtain and refer to the actual state and federal forms needed and the appropriate literature on preparing and filing the necessary forms.** The current Form W-2c has a revision date of 1/99.

**NOTE:** The final payday is December 31, 1999. Because of this, year-end reports will be sent later than usual. However, agencies still have the same deadline to file Federal and State forms and to release the Forms W-2 to the employees.

**Forms W-2 should not be released to employees until the agency's 941 has been approved by OSUP and all W-2cs have been identified that will be required** (from the reconciliation, the W-2 Exception Report, or any flexible benefits plan reconciliation adjustments).

**CORRECTING INFORMATION REPORTED ON MAGNETIC TAPE**

The agency will be responsible for reporting corrections and/or additions to the W-2 information that is reported on the magnetic tapes.

**Manual Forms W-2**

- ❖ Due to W-2 magnetic reporting requirements and to prevent penalties assessed by IRS, agencies are advised not to use manual Forms W-2 to report additional wages, etc. or W-2 data that was never reported on the tape for an employee. See Forms W-2c.

**Forms W-2c**

- ❖ In addition to correcting 1999 W-2 information reported in error on the magnetic tape, use Form W-2c to report 1999 wages, etc. that were not reported on a system generated 1999 Form W-2.
- ❖ If a W-2c is necessary and there was no Form W-2 generated by UPS, the "as previously reported" amounts on the Form W-2c will be zero.
- ❖ Employees are to forward the appropriate copies of the original W-2 and the W-2c to the IRS, and the Department of Revenue when filing their income tax returns.

- ❖ Three blank lines are available to correct amounts for advance earned income credit payments, fringe benefits, tax shelters and dependent care benefits. **No space is provided to show corrections for flexible benefits plan reduction amounts or deferred retirement.**
- ❖ Negative numbers (decreases) must be shown in column (c) in parentheses rather than in brackets.
- ❖ **Remember that two Forms W-2c will be required if a "941" W-2 (reporting either both Social Security and Medicare, or no Social Security and no Medicare) was produced for an employee who should have contributed to Medicare only: one ("941" W-2c) to zero out all W-2 data and another ("Medicare" W-2c) to report all W-2 data correctly. The reverse of this is also true. Refer to the OSUP Reports Manual descriptor for the W-2 Employee Detail Report (BL1572-01) and the 941/L3 W-2c Training class material for definitions of W-2 kinds.**

**REASONS FOR FORMS W-2c** - This office should be contacted immediately if Forms W-2c need to be prepared for any reason other than the following:

1. If Forms W-2 are not produced, or any amounts on Form W-2 are incorrect, due to a 1999 Void or Supplemental document that did not appear on a 1999 Void or Supplemental Payroll Register for:
  - a. A 1999 regular or supplemental payroll check that is voided.
  - b. A supplemental payroll check issued in 1999.
  - c. A negative net supplemental for an employee who reimbursed the agency in 2000 for overpayment of 1999 wages, and has no earnings in 2000.
2. If 1999 Social Security/Medicare taxable wages or taxes are updated in 2000 with a V/S document or an ADJFW/ADJMW Current Pay Wage Adjustment.

**NOTE: Be very careful when entering Social Security/Medicare information on Supplemental documents for these W-2cs. Normally, wages times the appropriate percent (6.2 or 1.45) should equal the employee and state portions of taxes. If the agency is paying both portions (e.g., due to a flexible benefits plan adjustment for a terminated employee), the wages times the percent (12.4 or 2.9) should equal the state portion of taxes, zeroes must be entered for the employee's portion and net pay must be zero.**

3. If gross wages on the W-2 are incorrect as a result of an employee's yearly elective deferrals exceeding the IRS limitation (e.g., deferred compensation). (Please refer to IRS/W-2 instructions on this; some exceptions are made.) This does not apply to retirement system deferrals and flexible benefits plan sheltered amounts. However, there are limitations on the Flexible Spending Account (FSA) for Dependent Care. Employees with CYTD balances greater than \$5,000.00 for Dependent Care will appear as an exception on the W-2 Exception Report (BL1570-01). If this occurs, contact Group Benefits to inform them that the CYTD FSA limitation has been exceeded. Contact OSUP for assistance in correcting the exception. Refer to OSUP Memorandum #2000-28 for more information.
4. If a Form W-2 is not produced for an employee because his/her W-2 records appear on the W-2 Exception Report. Research the exception; changes usually are required before the W-2c can be prepared.

5. If final flexible benefits plan adjustments (and applicable taxes) for employees who do not have gross wages for 2000 were not processed in time to update 1999 W-2 records, or refunds of 1999 flexible benefit plan sheltered premiums were made in 2000. These corrections may also require adjustments to Social Security/Medicare wages and taxes. Refer to Memorandum #2000-32 for details of flexible benefits corrections.
6. If fringe benefits taxable adjustments were not processed in time to update 1999 W-2 records. These corrections may also require adjustments to Social Security/Medicare wages and taxes.
7. If payments were made to an employee for qualified moving expenses. These payments are not included in income, but must be reported in Box 13 of the W-2 and labeled with code "P" to identify it as a nontaxable reimbursement. The payment should not be included as wages in Boxes 1, 3, or 5 of the W-2 and employment taxes should not be withheld. UPS does not currently have a mechanism for reporting these payments as code "P" in Box 13 of the W-2; therefore, a W-2c will have to be prepared to report this information.
8. If payments were made to the estate of or the beneficiary of a deceased employee and gross wages were not adjusted for the employee.
9. If any other W-2 information is incorrect (e.g., name, address, social security number).

#### **OFFICE OF STATE UNIFORM PAYROLL REPORTING**

Correcting W-2 information - Agencies must follow the procedures outlined below on how to adjust employee payroll records for prior year data that updates current year records.

#### **ADJUSTING EMPLOYEE MASTER RECORD FOR PRIOR YEAR ACTIVITY**

Agencies must submit to OSUP Payroll W-2 Balance Adjustments (UPR/F4W2) needed to remove all 1999 W-2 data that has updated the employee's 2000 master record. (Please refer to OSUP Memorandum #2000-10 for procedures to follow regarding balance adjustments.) This includes Social Security and Medicare wage and tax adjustments from ADJFW/ADJMW Payroll Adjustments for prior year and all 1999 W-2 figures on Void/Supplemental documents which update 2000 records. The codes to be used are found on pages 15-16 in the Appendix of the OSUP On-line System User's Manual.

Documentation required by OSUP for these balance adjustments is as follows:

1. Proof that prior year activity updated current year records (e.g., copy of Void, Supplemental, and/or Current Payroll Register).
2. Supporting documentation for the prior year activity (e.g., screen print of Payroll Current Wage Adjustment, original Void (UPR/F20) or Supplemental (UPR/F10) Documents).
3. A copy of each of the following documents:
  - a) Employee's original W-2.
  - b) Employee's W-2c.
  - c) W-3c.
  - d) Original 941.
  - e) Amended 941 and 941c.
  - f) Original L3.
  - g) Amended L1 and L3.

**Special Notes:**

- ❖ Each time a Payroll W-2 Balance Adjustment is entered on-line, a corresponding adjustment is made to the OSUP biweekly tax payment. This payment adjustment will cause a deficit or surplus balance in the agency's payroll clearing fund. Agencies must make certain that the appropriate steps are taken to eliminate these clearing fund balances (e.g., prepare payables check request or deposit refund check into appropriate account in the clearing fund). Refer to OSUP Memorandum #2000-31, for general information on year-end tax underpayments and overpayments.

**SOCIAL SECURITY ADMINISTRATION REPORTING**

Magnetic Tape W-2 Information - Forms W-3 are not required. As noted in the 941/L3 & W-2c training class, OSUP completes Form 6559 (Transmitter Report and Summary of Magnetic Media) which replaces the W-3 as a cover sheet used to transmit the W-2 information on magnetic tape.

Manual W-2 Information - There should be no manual Forms W-2 to submit. If an employee did not receive a W-2, W-2 information should be reported using a W-2c. If there are any questions, contact this office for instructions.

Corrected W-2 Information - **Remember, a separate Form W-3c must be used for each kind of W-2c (e.g., 941, Medicare).** Mail the Original Copy of Form W-3c and Copy A of Form W-2c to:

**Social Security Administration  
Data Operations Center  
P.O. Box 3333  
Wilkes-Barre, PA 18767-3333**

**LA DEPARTMENT OF REVENUE REPORTING**

Magnetic Tape W-2 Information – Agencies must complete Form L-3 for W-2 magnetic tape information and submit to Department of Revenue (in Baton Rouge). Agencies must note on Form L-3 that W-2's were submitted on magnetic tape by UPS.

Corrected W-2 Information - Mail Copy 1 of Form W-2c, an amended L-1, and an amended L-3, to:

**Louisiana Department of Revenue  
P.O. Box 91017  
Baton Rouge, LA 70821-9017**

**If additional taxes are owed to the Louisiana Department of Revenue due to a W-2c, contact this office immediately to get instructions on making this payment. The Louisiana Department of Revenue will no longer accept paper checks.**

Refer to OSUP Memorandum #2000-31 for additional IRS, Social Security, and Dept. of Revenue reporting responsibilities, which relate to tax liability and payment.

**Proper reporting and correcting of W-2 information can be accomplished only if there is cooperation and coordination of activities/deadlines between agency personnel, payroll and accounting staffs.** For further explanation or clarification on instructions, contact one of the following members of the User Services Unit at (225):

Karen Antoine            342-5354  
Debbie Causey           342-5377

Lawanna Green           342-5345  
Paula Rotolo              342-5357